

BEFORE THE
TENNESSEE STATE BOARD OF EQUALIZATION

<i>In Re:</i>	Lanford & Grace S. Gentry) District 3, Map 29E, Group A, Control Map 29E,) Parcel 3, Special Interest 000)	Montgomery County
	District 3, Map 30I, Group A, Control Map 30I,) Parcel 3, Special Interest 000) 1917 and 1913 Batts Lane) Tax year 2006)	

INITIAL DECISION AND ORDER

Statement of the Case

The Montgomery County Board of Equalization ("county board") has valued the subject parcels for tax purposes as follows:

ID	LAND VALUE	IMPRVMT. VALUE	TOTAL VALUE	ASSESSMENT
29E-A-29E-3 (1003 Kay Road)	\$ 8,800	\$26,900	\$35,700	\$8,925
30I-A-30I-3 (1913 Batts Lane)	\$14,500	\$0	\$14,500	\$3,625
(1917 Batts Lane)	\$21,800	\$0	\$21,800	\$5,450

On July 31, 2006, the State Board of Equalization ("State Board") received appeals by the property owners.

The undersigned administrative judge, substituting for Administrative Judge Andrei Ellen Lee, conducted a hearing of this matter on December 21, 2006 in Clarksville. The appellants, Lanford and Grace Gentry, represented themselves at the hearing. Montgomery County Assessor of Property Ronnie Boyd was assisted by Deputy Assessor Roy Manners.

Findings of Fact and Conclusions of Law

These are appeals from decisions of the county board affirming the Assessor's valuation of three manufactured homes located on lots in the city of Clarksville. The parcels in question (as improved) were among those previously appealed by Mr. and Ms. Gentry to the State Board in tax year 2001. A copy of the administrative judge's decision in those consolidated appeals, which was not appealed by either party, is appended to this initial order.

Situated on Parcel No. 29E-A-29E-3 is a 1999 double-wide Oakwood model that the taxpayers purchased from Repo City (a local mobile home dealer) for \$19,000 on August 3, 2004. That same day, Repo City also sold to Mr. and Ms. Gentry the 1998 (16' x 72') Oakwood that has been installed at 1917 Batts Lane for \$11,400. The 1997 Fleetwood at 1913 Batts Lane, for which the appellants paid \$9,500 in July of 2000, is a 14' x 56' unit.

The 1998 and 1999 Oakwood mobile homes are currently rented at \$450 and \$550 per month, respectively. As of the date of the appeal, the 1997 Fleetwood was vacant.

The taxpayers contended that the above mobile homes had been wrongfully valued at amounts exceeding their actual purchase prices. Further, Ms. Gentry asserted, the 1997 Fleetwood and 1998 Oakwood are inequitably appraised in comparison with two other mobile homes whose values were reduced by the State Board in the 2001 appeals.

According to Mr. Manners' analysis, however, the disputed appraisals were consistent with: (1) Marshall and Swift depreciated replacement cost estimates; (2) N.A.D.A. Appraisal Guides; and (3) comparative sales data.

Tenn. Code Ann. section 67-5-802(a)(1) provides (in relevant part) that:

Any movable structure and appurtenance that is attached to real property by virtue of being on a foundation, or being underpinned, or connected with any one (1) utility service, such as electricity, natural gas, water, or telephone, shall be assessed for tax purposes as real property as an improvement to the land where located....

In this state, the appraisal of property for tax purposes is based on "the evidence of its sound, intrinsic and immediate value, without consideration of speculative values." Tenn. Code Ann. section 67-5-601(a).

Since the taxpayers seek to change the present valuation of the property in question, they have the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

When considered separate and apart from real property, mobile homes – like automobiles and other motor vehicles – undoubtedly do begin to depreciate from the time of sale. Yet, contrary to the appellants' apparent conception, mobile homes which have become attached to real property are not assessed as fungible commodities. Rather, like houses and other structures, they are treated as improvements to land. A mobile home which is already in place and suitable for occupancy may be much more desirable than one which must be moved and set up by the buyer at considerable expense. Just as the installation of tangible personal property in a manufacturing plant adds to the value of such property, so the set-up of a mobile home on the site enhances the value of that structure. And the owner of such a mobile home would typically expect to recover the installation costs in any future sale of the real property.

As was observed in the attached opinion, a mobile home in place may also benefit like any other residence from a favorable location and/or local market. See Appraisal Institute, Appraising Residential Properties (2nd ed. 1994), p. 502. Due largely to the influence of nearby Fort Campbell, the demand for mobile homes in Montgomery County has historically been above-average.

Hence the value attributed to a mobile home as an improvement to land cannot be deemed erroneous merely because it is higher than the dealer's base price.

As to the appraisal of these particular residences, the State Board's resolution of appeals concerning other properties five tax years ago is simply not relevant. If the taxpayers' documentary evidence of their recent purchase prices for the 1998 and 1999 Oakwood models had not been rebutted, some adjustments might well have been warranted in those cases.¹ But the countervailing proof adduced by Mr. Manners – especially the N.A.D.A. adjusted book values – strongly suggests that the appellants acquired those mobile homes at below-market prices.

For these reasons, in the opinion of the administrative judge, the determinations of the county board must be affirmed.

Order

It is, therefore, ORDERED that the following values be adopted for tax year 2006:

ID	LAND VALUE	IMPRVMT. VALUE	TOTAL VALUE	ASSESSMENT
29E-A-29E-3 (1003 Kay Road)	\$ 8,800	\$26,900	\$35,700	\$8,925
30I-A-30I-3 (1913 Batts Lane)	\$14,500	\$0	\$14,500	\$3,625
(1917 Batts Lane)	\$21,800	\$0	\$21,800	\$5,450

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

¹Indeed, the reduced values recommended by the administrative judge in Mr. and Ms. Gentry's previous appeals were based on similar proof.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 2nd day of February, 2007.

Pete Loesch

PETE LOESCH
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

cc: Lanford and Grace S. Gentry
Ronnie D. Boyd, Montgomery County Assessor of Property

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ATTACHMENT TO INITIAL DECISION AND ORDER

TENNESSEE STATE BOARD OF EQUALIZATION BEFORE THE ADMINISTRATIVE JUDGE

In Re: Lanford & Grace Gentry)
 District 3, Map 29E, Group A, Control Map 29E,)
 Parcels 3 & 17)
 District 3, Map 30H, Group A, Control Map 30I,)
 Parcels 16, 16.01, and 17)
 District 3, Map 30I, Group d, Control Map 29L,)
 Parcels 31 & 32) Montgomery County
 District 3, Map 30I, Group A, Control Map 30I,)
 Parcels 1, 2, 3, 4.01, 6, 6.01, 7, 8, and 10)
 District 3, Map 30I, Group C, Control Map 30I,)
 Parcel 4)
 Tax Year 2001)

INITIAL DECISION AND ORDER

Statement of the Case

The Montgomery County Board of Equalization has valued the subject parcels for tax purposes as follows:

PARCEL NO.	LAND VALUE	IMPRVMT. VALUE	TOTAL VALUE	ASSESSMENT
29E-A-29E-3	\$6,500	\$ 5,700	\$12,300	\$ 3,050
29E-A-29E-17	\$6,500	\$10,100	\$16,600	\$ 4,150
30H-A-30I-16	\$7,000	\$11,300	\$18,300	\$ 4,575
30H-A-30I-16.01	\$5,600	\$13,500	\$19,100	\$ 4,775
30H-A-30I-17	\$7,000	\$13,600	\$20,600	\$ 5,150
30I-A-30I-1	\$7,000	\$26,300	\$33,300	\$ 8,325
30I-A-30I-2	\$7,000	\$13,900	\$20,900	\$ 5,225
30I-A-30I-3	\$0	\$47,000	\$47,000	\$11,750
30I-A-30I-4.01	\$3,500	\$15,000	\$18,500	\$ 4,625
30I-A-30I-6	\$7,000	\$17,400	\$24,400	\$ 6,100
30I-A-30I-6.01	\$7,000	\$ 5,600	\$12,600	\$ 3,150
30I-A-30I-7	\$8,400	\$20,600	\$29,000	\$ 7,250
30I-A-30I-8	\$7,700	\$22,100	\$29,800	\$ 7,450
30I-A-30I-10	\$8,400	\$13,000	\$21,400	\$ 5,350
30I-C-30I-4	\$7,700	\$12,200	\$19,900	\$ 4,975
30I-D-29L-31	\$3,900	\$36,300	\$40,200	\$10,050
30I-D-29L-32	\$9,100	\$ 5,100	\$14,200	\$ 3,550

On July 31, 2001, the State Board of Equalization received appeals by the property owners.

The administrative judge appointed under authority of Tenn. Code Ann. section 67-5-1505 conducted a hearing of this matter on May 7, 2002 in Clarksville. In attendance at the hearing were Lanford and Grace Gentry, the appellants; Montgomery County Assessor of Property Ronnie Boyd; and staff appraiser Roy Manners.

Findings of Fact and Conclusions of Law

The 17 parcels in question are clustered within a relatively small part of the city of Clarksville. Situated on all of these parcels except 30I-A-30I-3 and 30I-D-29L-31 is one single-wide mobile home from which the appellants derive rental income. Parcel No. 30I-A-30I-3 includes four single-wide mobile homes on Batts Lane (#1911-#1917) that are also rental units. Mr. and Ms. Gentry reside in the double-wide (24' x 68') mobile home on Parcel No. 30I-D-29L-31, located at 1934 Batts Line. The taxpayers purchased the single-wide mobile homes over a 15-year period beginning in 1985.

At the hearing, the appellants indicated that they were not contesting the values attributed to the subject land. Nor, it turned out, was there really any dispute about the appraisal of the Gentry residence or Parcel No. 29E-A-29E-3. But the taxpayers maintained that the rest of the mobile homes under appeal had been overvalued to varying degrees. This claim was mainly predicated on what the appellants characterized as an "appraisal" of each unit by Clarksville mobile home dealer Jim Phillips (of Time Housing, Inc.).¹ The taxpayers also alleged certain inequities in the valuation of the subject improvements compared to other structures in the area.

In support of the values determined by the county board of equalization, Mr. Manners submitted documentation concerning recent sales of land and mobile homes within District 3. His synopsis of this data indicated a close relationship between the sale prices for the comparables and the current appraised values thereof.

Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values...."

As the party seeking to change the present valuations of the subject properties, the appellants have the burden of proof in this administrative proceeding. State Board of Equalization Rule 0600-1-.11(1).

Mindful of the imperfections inherent in mass appraisal systems, this agency has generally refused to reduce assessments on the basis of the *appraised* values of selected properties. As the Assessment Appeals Commission explained in the Appeal of Stella L. Swope (Davidson County, Tax Years 1993 & 1994, decided December 7, 1995):

...[S]elling prices of comparable properties are useful because they reflect the market, the likely price at which the subject property might sell, which is our legal standard of value. The assessor's recorded values may suffer from errors just as Ms. Swope has alleged for her assessment, and therefore the recorded values cannot be assumed to prove market value.

Id. at p. 2.

Concerning the appraisal of mobile homes in particular, an authoritative textbook states that:

¹Mr. Phillips rated the condition of each mobile home as "good." The so-called appraisal was dated July 28, 2001.

Most mobile homes that are sold in place are not moved, so their value is affected by their environment. Like a house, a mobile home can either benefit from its location or incur external obsolescence. An appraisal based solely on data published in a valuation book would not reflect the influence of external factors. [Emphasis added.]

Appraisal Institute, Appraising Residential Properties (2nd ed. 1994), p. 502.

For the most part, without meaning to disparage Mr. Phillips' credentials, the administrative judge must respectfully reject his opinions of the values of the mobile homes in question. The methodology by which those figures were derived was not specified. Further, by the appellants' own admission, Mr. Phillips estimated the "retail value" of each unit if offered for sale at a dealership – **not** the value of the mobile home as installed on a designated site. Moreover, since Mr. Phillips was not present to testify at the hearing, his "appraisal" must be discounted as hearsay.² See Appeal of TRW Koyo (Assessment Appeals Commission, Monroe County, Tax Years 1992-1994).

But the administrative judge does accept Mr. Phillips' estimates in the three cases where they nearly equaled the amount paid by the appellants for one mobile home within two years of the assessment date (January 1, 2001). The appellants might, of course, have acquired some or all of those mobile homes at bargain prices. Nevertheless, it seems more likely that the market values of such homes would be closer to the negotiated sale prices than to the county board's considerably higher figures. The recommended adjustments are as follows:

<u>Parcel No.</u>	<u>Improvement Value</u>
30I-A-30I-1	\$14,500
30I-A-30I-6	\$12,500
30I-A-30I-8	\$12,000

Order

It is, therefore, ORDERED that the following values be adopted for tax year 2001:

PARCEL NO.	LAND VALUE	IMPRVMT. VALUE	TOTAL VALUE	ASSESSMENT
29E-A-29E-3	\$6,500	\$ 5,700	\$12,300	\$ 3,050
29E-A-29E-17	\$6,500	\$10,100	\$16,600	\$ 4,150
30H-A-30I-16	\$7,000	\$11,300	\$18,300	\$ 4,575
30H-A-30I-16.01	\$5,600	\$13,500	\$19,100	\$ 4,775
30H-A-30I-17	\$7,000	\$13,600	\$20,600	\$ 5,150
30I-A-30I-1	\$7,000	\$14,500	\$21,500	\$ 5,375
30I-A-30I-2	\$7,000	\$13,900	\$20,900	\$ 5,225
30I-A-30I-3	\$0	\$47,000	\$47,000	\$11,750
30I-A-30I-4.01	\$3,500	\$15,000	\$18,500	\$ 4,625
30I-A-30I-6	\$7,000	\$12,500	\$19,500	\$ 4,875
30I-A-30I-6.01	\$7,000	\$ 5,600	\$12,600	\$ 3,150

²Rule 801(c) of the Tennessee Rules of Evidence defines *hearsay* as "a statement, other than one made by the declarant while testifying at the trial or hearing, offered in evidence to prove the truth of the matter asserted."

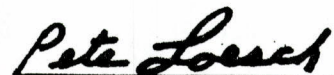
30I-A-30I-7	\$8,400	\$20,600	\$29,000	\$ 7,250
30I-A-30I-8	\$7,700	\$12,000	\$19,700	\$ 4,925
30I-A-30I-10	\$8,400	\$13,000	\$21,400	\$ 5,350
30I-C-30I-4	\$7,700	\$12,200	\$19,900	\$ 4,975
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30I-D-29L-32	\$9,100	\$ 5,100	\$14,200	\$ 3,550

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

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2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 24th day of May, 2002.



PETE LOESCH
ADMINISTRATIVE JUDGE

cc: Grace Gentry
Dean Lewis, CAE, State Appeals Coordinator
Ronnie Boyd, Assessor of Property

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